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April 2, 2003

Bryant L. VanBrakle
Secretary
Federal Maritime Commission
Room 1046
800 North Capitol Street, N. W.
Washington, DC 20573-0001

Re: FMC Docket No. 02-l 5 (Passenger Vessel Financial Responsibility)

Dear Sir:

On behalf of the Travel Industry Association of America (TIA) and our 2,100 member organizations, I write to share with the Commission our perspective on the potential harmful implications of the proposed rule.

I write at a time when the U.S. travel and tourism industry is still recovering from the effects of 9/1 1 and the economic downturn that followed. Over the intervening months, our recovery has been slow and tenuous. We remain concerned that any changes to federal regulations that govern travel and tourism businesses may adversely affect this recovery.

As you no doubt appreciate, Congress in 1966 adopted legislation that required passenger vessel operators to provide satisfactory evidence of their financial responsibility or, alternatively, to provide a bond or other security against which the passenger could proceed in the event of non-performance out of concern that a "fly-by-night" operator with no assets or base of operations in the United States could defraud potential cruise passengers. For passenger vessel operators using a surety bond or guaranty as evidence of financial responsibility, the agency adopted a coverage ceiling, initially for $5 million, with periodic increases to the current $15 million level. As implemented, the law appears to have worked well since its inception.

Today, our nation is served by very substantial passenger vessel operators with substantial assets, all of whom have maintained the required level of coverage and none of whom to our knowledge has failed to make good when unable to perform a voyage. The continued health of these companies remains critical to the health of our overall industry. We therefore are concerned that the proposed rule, by eliminating the existing $15 million cap entirely, would

cause substantial harm to our industry. By essentially requiring these companies to provide a dollar-for-dollar financial *guarantee* for all unearned passenger revenue, the Commission could cause the very harm to the public today that it seeks to avoid in the future.

In its current form, the proposed elimination of the cap essentially would force cruise vessel operators to provide 100% insurance against the threat of a terrorist attack. To our knowledge, no other industry is subject to such a requirement. Moreover, based on the legislative history of the 1966 statute, we do not believe that Congress intended to establish a mandatory insurance program unique to the cruise industry. Rather, as we understand the law, Congress gave the agency authority to ensure the financial responsibility of passenger vessel operators. The agency has done so in a way that, until now, has fostered the growth of a strong industry. To the extent it feels compelled to adjust the cap for the benefit of the traveling public, we would urge the Commission to do so in a way that would not precipitate the very harm it seeks to avoid.

We also are troubled by the part of the proposed rule that would effectively require cruise vessel operators to participate in an alternative dispute resolution program to deal with passenger claims of nonperformance. We are concerned that the proposal could be read to give passengers the unilateral right to bring a cruise vessel operator to Washington, D.C. to resolve anything a passenger views as non-performance, including the kinds of ordinary complaints the industry voluntarily addresses every day in seeking to maintain the highest level of customer satisfaction. Given the efforts to which the members of our industry voluntarily go in an effort to address passenger complaints, we see no reason to force them to participate in an alternative dispute resolution process as a condition of sailing.

Thank you for your consideration of our views.

Sincerely,

William S. Norman

William S. Norman
President & CEO